

Critical Minerals Royalty Deferral Scheme Guidelines

July 2025



Published by the Department of Primary Industries and Regional Development

Title: Critical Minerals Royalty Deferral Scheme

Subtitle: Guidelines

First published: July 2025

| Amendment schedule | | |
|--------------------|---------|------------------|
| Date | Version | Amendment |
| July 2025 | 1.0 | Original version |
| | | |

© State of New South Wales through the Department of Primary Industries and Regional Development 2025. You may copy, distribute, display, download and otherwise freely deal with this publication for any purpose, provided that you attribute the Department of Primary Industries and Regional Development as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (June 2025) and may not be accurate, current or complete. The State of New South Wales (including Department of Primary Industries and Regional Development), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.

Table of Contents

Overview4

Key information.....5

Objectives and outcomes5

Purpose of the Guidelines5

Eligibility Criteria.....6

Applicant readiness check.....6

Application process7

Assessment process8

Ministerial determinations8

Obligations of successful applicants10

Repayment of deferred royalties11

Ethical conduct12

Review process12

Overview

Critical minerals are essential for the global energy transition

Critical minerals are metals and non-metals that are crucial for economic growth but face supply risks due to geological scarcity, geopolitical risks, or market-based issues. Critical minerals are used to manufacture advanced technologies such as mobile phones, computers, semiconductors, and essential components for defence and medical applications and are vital to clean energy technologies, including solar panels, wind turbines, electric vehicles, and batteries.

The global demand for critical minerals is projected to surge during the next 20 years, requiring a sixfold increase in mining to meet this demand. NSW has abundant critical mineral resources and is well-positioned to significantly contribute to escalating global demands.

The **NSW Critical Minerals and High-Tech Metals Strategy 2024-35** supports the sustainable development of the critical minerals and high-tech metals industry in NSW, with the **Critical Minerals Royalty Deferral Scheme** being a key action within this strategy.

This opt-in scheme offers a unique opportunity for critical mineral projects to advance by providing temporary financial relief offered by the deferral of royalty payments for a period of up to five years.

This allows projects to focus on establishing production and scaling operations. The Critical Minerals Royalty Deferral Scheme will play a key role in boosting investor confidence while driving the expansion of the New South Wales critical minerals sector.

Key information

| Applications open | | 1 July 2025 |
|----------------------------------|---|--|
| Royalty deferral period | <p>It is a condition of any deferral approval that the project commences recovering critical minerals from between the date on which the deferral approval is granted and 30 June 2030.</p> <p>If approved, the deferral approval will be for up to five years and will defer any royalty payments accrued within that five-year period for a period of five continuous years after the date the royalty would otherwise have been payable.</p> | |
| Application outcomes | <p>Applicants are encouraged to submit their applications in the financing or pre-construction stage of the project</p> <p>This will allow sufficient time for the assessment and determination process to ensure royalty deferral arrangements are in place prior to the commencement of production. Applications cannot be made once a royalty payment is already due.</p> | |
| Decision maker | Minister for Natural Resources | |
| NSW Government source department | NSW Resources, Department of Primary Industries and Regional Development ('the Department') | |
| Scheme cap | \$250 million | |
| Enquiries | Website | www.resources.nsw.gov.au/critical-minerals-royalty-deferral |
| | Email | mineral.royalty@regional.nsw.gov.au |

Objectives and outcomes

- **Promote investment in NSW critical minerals industry:** Support the development of critical minerals projects by addressing a known barrier to strengthen NSW's position as a competitive destination for investment.
- **Enable regional economic development:** Create jobs and stimulate regional growth by facilitating critical minerals projects.

Purpose of the Guidelines

These guidelines govern the Royalty Deferral Scheme process and serve as a clear and comprehensive resource for stakeholders to navigate the scheme.

These guidelines provide:

- an overview of the Royalty Deferral Scheme process

- an overview of the eligibility criteria
 - application requirements
 - a governance and integrity framework for the Royalty Deferral Scheme.
-

Eligibility Criteria

Eligible Applicants

To be eligible to apply for a critical minerals project under the scheme, applicants must:

- be a NSW mining lease holder
- the primary purpose of the mining lease the subject of the application must be the recovery of one or more critical minerals
- demonstrate that the mining lease holder, or related body corporate to the mining lease holder, has a market capitalisation, or market valuation of less than \$5 billion
- confirm that the critical minerals the subject of the application have not been previously mined under the nominated mining lease, or any mining lease in effect over the same land immediately before the grant of the lease that is the subject of the application.

Eligible Royalties for Deferral

Critical minerals

- The critical minerals listed in section 77B of the Mining Regulation 2016 at the time of application are eligible under this scheme

Scope of scheme

- This scheme only applies to royalty payments that are payable to the Crown (administered by Revenue NSW) for critical minerals under the *Mining Act 1992* and Mining Regulation 2016 for the nominated project
 - This scheme does not cover any additional taxes, levies or other costs incurred by the applicant because of operating the nominated project or participating in the scheme.
-

Applicant readiness check

Applicants are encouraged to undertake a readiness check with NSW Resources' Mining Concierge before finalising an application.

This involves a virtual meeting or phone call to discuss the proposed application, clarify eligibility requirements of the royalty deferral scheme, and discuss the supporting information needed to lodge an application. Readiness checks should be completed early in the application process and can be arranged by emailing mining.concierge@regional.nsw.gov.au.

Application process

Please note:

- Applicants should read the guidelines in full before submitting an application.
- Applicants should seek their own advice as to whether a royalty deferral is suitable to their circumstances.
- Applicants can submit multiple applications.
- Each application must cover only one project.

Where to apply

All applications must be completed online using the SmartyGrants application form on the NSW Resources website (www.resources.nsw.gov.au/critical-minerals-royalty-deferral).

What to include

The application must include, but is not limited to –

- status of all mining leases for project
- development consent approval
- annual production forecast for minerals to be extracted at the project
- recent mineral resource and reserve statement
- capital expenditure (CAPEX) necessary for the project
- statement of market value of mining lease holder if company not publicly listed
- construction and operational workforce projections
- Statement of compliance, environmental performance and financial history (SOCH) provided as part of the mineral licence application process, along with a written disclosure of any changes since the submission of the SOCH

False and misleading information

It is an offence under section 378C of the *Mining Act 1992* to provide false or misleading information in an application. Also, if an application contains false or misleading information, the Department may determine that the application is ineligible.

After submitting application

Applicants will receive a confirmation email once the application is submitted.

The Department may contact applicants to verify information or to seek further information and will not commence assessment of the application until the application is complete.

Getting support

The Department is unable to directly assist applicants in the preparation of their applications.

Assessment process

Assessment of scheme applications

The Department will assess all applications using an eligibility screening process.

| Criteria | Assessment description |
|---|--|
| Critical mineral to be recovered in NSW under nominated mining lease | Current NSW mining lease confirms approval to recover a critical mineral or minerals within geographical boundaries of New South Wales |
| Market capitalisation or market value of mining lease holder under \$5 billion | Mining lease holder (including any related body corporate) must have demonstrated market capitalisation or market value below \$5 billion. |
| New Project | The same minerals have not been mined under the subject mining lease/s, or any mining lease/s in effect over the land immediately before the grant of the lease/s subject of the application. |
| Primary purpose of the mining lease is a critical mineral. | <p>An assessment will determine the primary commodity of the project, which must be a critical mineral. This assessment takes into account drill results, available reserves and resource data as well as projected production figures for the project.</p> <p>The extraction of non-critical minerals at the site is permissible, however the extraction of those minerals cannot be the primary objective of the project, and any non-critical minerals will not be eligible for deferral under this scheme.</p> |

During the assessment, the Department may ask applicants to provide additional information to assist the assessment process. Advice may be sought from other government agencies or subject matter experts to assist in the assessment of applications.

This assessment will also consider:

- a compliance report supplied by NSW Resources Regulator
- any probity or other risks that could cause reputational or other risk to the NSW Government.

Where a project meets all criteria, the application and details of the Department's assessment of the application against the eligibility criteria will be provided to the Minister for consideration and determination.

Ministerial determinations

The Minister will consider the application and, if the Minister decides to grant the application, the Minister will grant a deferral approval to successful applicant under section 291AA of the *Mining Act 1992*.

The deferral approval will be for a period of up to five years.

Interest will be applied on all deferred royalty payments on a quarterly basis, based on the 3-month average of the monthly yield of 10-year Australian Government bonds as published by Reserve Bank of Australia for the relevant quarter.

For more details, refer to the Reserve Bank of Australia document titled *Capital Market Yields – Government Bonds – Monthly – F2.1* available on their statistics page:

<https://www.rba.gov.au/statistics/tables/> and section 291AB of the *Mining Act 1992*

Please note:

- Royalty payments are only deferred if a deferral approval from the Minister is in place.
- Late royalty payments will attract interest and penalty tax as outlined on [Revenue NSW's website](#)

The Minister has the authority to revoke a royalty deferral at any time under the following circumstances:

- the mining lease is to be transferred to another holder during the royalty deferral period
- it is determined that the mining lease holder has an unsatisfactory compliance history¹
- it is determined that the mining lease holder has been declared not fit and proper²
- the holder of the Ministerial Determination has made a written request for the revocation.

In such instances, any outstanding royalties become due immediately upon revocation.

Notification of application outcome

- NSW Resources will notify all applicants, successful and unsuccessful, regarding the outcome of their application.
- The NSW Government may choose to publicly announce successful deferral applications, including applicant names and some project details.
- The Department will offer unsuccessful applicants feedback if requested.

Application and Assessment Process



¹ Clause 4 and Clause 6 of Schedule 1B of the *Mining Act 1992* (NSW)

² Part 18, Division 2 of the *Mining Act 1992* (NSW)

Obligations of successful applicants

Condition of deferral approval

It is a condition of all deferral approval that the commencement of the recovery of the critical mineral commences between the date the deferral approval is granted and the end of 30 June 2030.

If recovery does not occur within this time period, then the deferral approval will not apply.

Royalty returns

Revenue NSW will remain responsible for the administration and audit of mineral royalties under this scheme. The deferral refers to payment of the royalties only, and successful applicants will continue to have reporting obligations in relation to the deferred royalties. Importantly:

- successful applicants will still be required to lodge royalty returns for the critical minerals under this scheme throughout their deferral period under section 76 of the Mining Regulation 2016, however the payment for the lodged return will be deferred for five years from the date on which the royalty would ordinarily be payable
- successful applicants must continue to lodge royalty returns and pay royalties for the extraction of any mineral resource not covered by the deferral approval, in accordance with Part 7 of the Mining Regulation 2016.

Change of circumstances

Applicants must inform NSW Resources immediately in writing if:

- they later identify an actual, apparent, or perceived conflict of interest that could potentially create a conflict of interest throughout the application, assessment or royalty deferral period
- they become aware that the company or the project is a party to a regulatory investigation or legal proceedings
- there are key changes to the organisation or its business activities, particularly if they affect ability to complete the project, carry on business and pay debts
- there are changes to –
 - name of mining lease holder
 - nominated contact details for mining lease holder

Ongoing compliance obligations

Approval under this scheme does not:

- exempt or alter any obligations to comply with all relevant conditions under the *Mining Act 1992* and the *Work Health and Safety Act 2011* and *Work Health and Safety (Mines and Petroleum Sites) Act 2013*.
- alter compliance requirements for any other licencing or approval conditions for the project

Repayment of deferred royalties

Interest calculation applied to deferred royalty payments

Deferred royalties will accrue interest consistent with the rate of Government borrowing.

This is defined as the 3-month average of the monthly average of 10-year Australian Government bond yields, published by the Reserve Bank of Australia for the relevant quarter that royalty would be ordinarily payable.

Calculation of interest for every quarter is shown below:

| Deferred royalty calculation abbreviation guide | |
|---|--|
| R | R is the quarterly royalty payable at the end of the quarter as per <i>Mining Regulation 2016</i> section 73 |
| I | I is the 3-month average of the monthly average of the 10-year Australian Government bond yields, published by the Reserve Bank of Australia |
| IR | IR is the closing quarterly royalty balance including interest payable on the last day of the quarter |

| Manner of calculating the outstanding balance at the end of each quarter |
|--|
| $IR = R + (I \times R)$ |

Example

| Example calculation for Q1 | |
|----------------------------|---|
| R | \$1000 |
| I | 4% |
| R + (I x R) | \$1000 + (4% x \$1000) \$1000 + \$40 |
| IR | \$1040 |

Each quarterly royalty amount accrued (R) will continue to accrue interest each quarter throughout the deferral period. Interest is applied only to the original royalty amount accrued for that quarter, not to any previously accrued interest amounts.

Deferral Period and Repayments

Deferral approval period

The deferral approval will be for a period of up to five years, and any royalties that are payable within that five-year period can be deferred. The deferral period will be specified in the deferral approval.

Length of deferral

Successful applicants can defer royalty payments from the date on which the royalties would otherwise be payable under the Mining Regulation 2016 for a continuous period of up to five years (or such lesser amount specified in the deferral approval).

Payment of deferred royalty amounts

At the end of the deferral period, Revenue NSW will issue a repayment schedule listing all outstanding deferred royalties (less any paid amounts and including interest) and the due dates for each deferred royalty.

The deferred royalty must be repaid with interest by the due date from the original deferral date. For example, royalties deferred from Q1 2027 for five years must be repaid in Q1 2032. These payments will be made in addition to any regular royalty payments that become due post the deferral period.

Successful applicants under the scheme can opt to make royalty payments at any time during the deferral period. Interest is applied only on the deferred royalties until payment is made.

Any payments made will be applied to the earliest deferred royalty payment that is owed and will attract a pro-rated interest rate on any payment made prior to the due date.

Late payments of deferred royalty

Late payments of a deferred royalty will be treated as a tax default under the *Taxation Administration Act 1996*. Interest and penalty tax may apply.

Ethical conduct

Conflict of interest management

Applicants (and their officers and staff) must declare any perceived, potential or real conflicts of interest in respect of the royalty deferral and mitigation measures for managing the conflict on the application form.

Conduct

Applicants must not offer any gifts, benefits or hospitality to any NSW Government employee at any time in connection with this scheme. Any inducement contravening this condition may result in an applicant's application not being considered.

Review process

Guidelines

Where significant changes are made in relation to the scheme opportunity, the Department will revise these guidelines and make them available on its website.